



Request for City Council Committee Action from the Department of Intergovernmental Relations

Date: February 9, 2012

To: Council Member Elizabeth Glidden
Referral to: Committee of the Whole/IGR Subcommittee

Subject: Federal, State, Local Update

Recommendation: Receive and File

Prepared by: Gene Ranieri, Director, Intergovernmental Relations Department

Approved by: Gene Ranieri _____

Supporting Information:

Federal.

FY2013 Budget. The President's budget is expected to be released on Monday, February 13, 2012. It is anticipated that the budget will propose to reduce overall spending from the FY2012 level. If the budgetary instruction as released by the Office of Management and Budget (OMB) is an indication of future actions it is possible that program reductions could reflect agency priorities. As you may recall OMB requested that agencies set program priorities at 5% and 10% reductions. Also looming over the budget is the across the board sequestration scheduled to begin in 2013 if the budget does not meet reduction targets. IGR will prepare a budget summary early next week.

Transportation Reauthorization. Both the House and Senate are moving reauthorization bills. The House bill - The American Energy and Infrastructure Jobs Act - is a five year extension of the Act, while the Senate bill is a two year extension. The intention of House and Senate leadership is to move the bills quickly with possible floor action by as early as next week.

The House bill provides current funding levels for the highway and transportation programs. Approximately \$41.1 billion annually is provided for highways and \$8.4 billion for transit through 2016. The bill also appropriates \$1.955 billion for New Starts to be appropriated from the general fund.

Among the major policy changes adopted by the House are:

- the elimination of mass transit funding from the Highway Trust Fund. To fund transit a one-time appropriation of \$40.0 billion is appropriated from the general fund to the Alternative Transportation Account. At this time there is no funding source once the \$40.0 billion is expended. To fund the Alternative Transportation Account, the House has not yet identified off-setting revenue. It is anticipated that the off-setting revenue will be announced as an amendment in committee or on the House floor.
- consolidates nearly 70 discretionary programs including the set-asides for enhancements. The enhancements are eligible for funding but will not have a 10% set-aside.
- reduces the Surface Transportation suballocation to Metropolitan Planning Organizations (Transportation Advisory Board) from 62.5% to 50%.
- requires states to spend at least 10% of its National Highway System funds on bridges.

The Senate also consolidates programs. Among the consolidation is in the New Starts program where the Small Starts program is folded into a streamlined New Starts. The proposed streamlining is intended to reduce time and approval processes. The Senate bill should be in the Finance Committee within the next week.

State.

Deadlines: The Legislative leadership has announced committee deadlines for the session. The deadlines are:

March 16 - Bill must be passed out of committee

March 23 - Bill must have passed all policy committees in both House and Senate

March 30 - Appropriation and finance bills must be out of committee

The schedule could result in an adjournment in late April or early May. The constitutional deadline for adjournment is May 21.

Asian Carp. Last week the House Environment Committee heard four bills regarding evasive species including Asian carp. While no action was taken, funding is expected to be contained in HF1809, sponsored by Rep. Tom Hackbarth (R-Cedar). HF 1809 would fund the building of three low-voltage fish barriers on the Mississippi River: Lock and Dam No. 2 in Hastings, Lock and Dam No. 1 in south Minneapolis and the St. Anthony Falls Lock and Dam just north of downtown Minneapolis. A bill (HF 1963) authored by Rep. Jean Wagenius (DFL-Minneapolis) to fund research regarding evasive species in Minnesota was also heard and could be part of the environment committee's legislative package of bills. The research would be conducted at the University of Minnesota. The Senate companions have not yet been introduced.

Bonding. The House Capital Investment Committee conducted a hearing on Wednesday, February 8, 2012 on the bonding requests of the Department of Natural Resources and the Minnesota State College and University (MnSCU) system. The committee has referred bonding requests to the financing division with jurisdiction over the request. It is anticipated that the Nicollet Mall project will be heard in the Economic Development Committee soon. Rep. Gunther is chair of the committee. No hearings have been scheduled in the Senate for this week.

Taxes. The House Tax Committee has scheduled or heard bills on levy limits, commercial industrial property taxes paid to the state, fiscal disparities and a tax study commission. On Wednesday night, February 8, the Property Tax division of the House Tax Committee will hear HF 1914. The bill phases out the state property tax on businesses. The cost of the phase -out for the current biennium could be paid by general fund revenue or offsets to other programs under the jurisdiction of the committee.